



Department of Veterans Affairs

Financial Policy

Volume II

Appropriations, Funds, and Related Information

Chapter 7F

Refunds and Rebates

Approved:

Jon J. Rychalski
Assistant Secretary for Management
and Chief Financial Officer

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0701 Overview

This chapter establishes the Department of Veterans Affairs' (VA) policies relating to refunds and rebates.

Key points covered in this chapter:

- VA will deposit any funds it receives from outside sources to the appropriate General Fund Receipt Account unless the receipt constitutes an authorized repayment/refund to a VA fund or VA has the statutory authority to retain the funds;
- VA will deposit refunds received to the appropriation initially charged with the related expenditure, whether the appropriation is in a current or expired status; and
- VA will retain rebates when there is statutory authority to do so or when they meet the criteria of a refund.

0702 Revisions

Section	Revision	Office	Reason for Change	Effective Date
Various	Reformatted to new policy format and completed five-year update	OFP (047G)	Reorganized chapter layout	July 2021
0701 Overview	Updated to include key points covered.	OFP (047G)	Reorganized per new policy format.	July 2021
0703 Definitions	Updated definitions	OFP (047G)	Standardized for consistency	July 2021
0704 Roles and Responsibilities	Added FSC role and responsibilities	OFP (047G)	Updated to reflect current roles and responsibilities	July 2021
0705 Policies	Reorganized for clarity	OFP (047G)	Revised policy statements to be more concise	July 2021
0706 Authorities and References	Added reference for the Payment Integrity Information Act of 2019 and other references.	OFP (047G)	Updated to reflect current laws and other guidance	July 2021

0703 Definitions

Augmentation of Appropriation – An unauthorized increase in the amount of authority given to federal agencies to incur obligations and to make payments from Treasury funds.

De Minimis – Concept of value which considers both the value of the item and the frequency with which it is provided to be so small as to make accounting for it unreasonable or impractical. An essential element is that it is considered occasional or unusual in frequency.

Improper Payment – A payment that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. The term improper payment includes; any payment to an ineligible recipient; any payment made for an ineligible good or service; any duplicate payment; any payments for a good and service not received, except for those payments authorized by law; and any payment that does not account for credit for applicable discounts. Improper payments include monetary loss improper payments and non-monetary loss improper payments. The improper payment amounts, and unknown payment amounts will be reported as required by OMB Circular A-123, Appendix C and/or any additional OMB guidance.

Rebates – Monetary incentives offered by government-wide charge card issuers to encourage the government to pay charge card invoices early.

Refunds – A return of funds previously disbursed.

0704 Roles and Responsibilities

Under Secretaries, Assistant Secretaries, and other key officials are responsible for ensuring compliance with the policies set forth in this chapter.

Financial Services Center (FSC) is responsible for receiving, processing, and posting purchase, fleet, and travel card rebates in the appropriate financial accounting system.

0705 Policies

070501 General Policies

- A. VA will deposit funds received from outside sources in accordance with 31 U.S.C. § 3302(b), which requires all receipts from outside sources to be deposited in the General Fund of the Treasury to the credit of the appropriate receipt account (GFRA), unless deposit to an appropriation or other fund account is authorized by law.

- B. VA will not credit its appropriation for an amount greater than the overpayment but will deposit the excess to Treasury's GFRA as a miscellaneous receipt pursuant to 31 U.S.C. § 3302(b) as crediting an amount to the appropriation in excess of that paid from the appropriation would improperly augment the appropriation. For additional information on avoiding the augmenting of appropriations, refer to the Government Accountability Office's (GAO) Principles of Federal Appropriations Law – Vol. II, Chapter 6 – Availability of Appropriations: Amount, E. Augmentation of Appropriations and VA Financial Policy Volume II, Chapter 7D, Guidelines to Avoid Augmenting an Appropriation.
- C. VA will deposit receipts recovered from improper payments in the appropriate funds in compliance with the Payment Integrity Information Act of 2019 (Public Law 116-117) and 31 U.S.C. § 3302(b). For further information regarding improper payments, refer to VA Financial Policy Volume VII, Chapter 9, Payment Integrity and Fraud Reduction, and Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix C.
- D. VA may not retain rebates unless they qualify as refunds or are authorized by specific statutory authority. Refer to GAO's Principles of Federal Appropriations Law – Vol. II, Chapter 6 – Availability of Appropriations: Amount, E. Augmentation of Appropriations for additional information on rebates.

070502 Depositing Refunds to a VA Appropriation Account

- A. VA will deposit refunds as follows:
 - If the appropriation is still current (i.e., available), deposit the funds to the appropriation account charged for the expense. These funds will be available for further obligation within the purpose and time limitations of the appropriation.
 - If the appropriation initially charged is in an expired status (but has not yet been closed), deposit the funds to the expired appropriation account. These funds will not be available for new or current-year obligations.
 - If the original appropriation account is closed, VA will deposit the funds to the Treasury GFRA 3200, Collections of Receivables from Canceled Accounts. Once an appropriation account has been closed in accordance with 31 U.S.C. §§ 1552(a), or 1555, repayments must be deposited as miscellaneous receipts regardless of how they would have been treated prior to the account being closed.
- B. VA may deposit a refund directly to the Treasury GFRA 3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other, when a determination is made that it is not cost effective to deposit the refund to the original appropriation charged. VA's determination to deposit the refund to the original appropriation charged may be based upon various factors, such as the amount of the check or the time remaining for the appropriation availability.

- C. VA may accept a prior year refund of a de minimis amount of \$100 or less and apply it against a current year invoice in lieu of requiring the vendor to issue a refund, unless the method of making the refund is governed by other statutory legislation. Because of the cost savings to the vendor and VA, the insignificant impact on VA's appropriation is not viewed as an unauthorized augmentation of the appropriation as supported by B-250953, December 14, 1992 72 Comp. Gen. 63.

070503 Depositing Rebates to a VA Appropriation Account

- A. VA may retain rebates that qualify as refunds to an appropriation. If there is no basis to classify the rebate as a refund, VA will deposit the rebate into Treasury's GFRA 3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other. Current rebates that may be retained by VA include purchase and fleet card, travel card and energy savings.
1. Purchase and fleet card rebates, are monetary incentives offered to the Government by government-wide commercial charge card issuers to pay charge card invoices early, qualify as refunds to a VA appropriation.
 2. Travel card rebates may be retained and deposited into the original appropriation charged in accordance with the determination by Comptroller General Decision B-217913, May 30, 1986, Rebates from Travel Management Center (Contractors).
 3. The Energy Independence and Security Act of 2007 (Public Law 110-140 Sec 516) provided the statutory authority for VA to retain certain energy savings for credit to its own appropriations without a cap on the percentage of the rebate which may be retained and expended.
- B. VA will in accordance with Office of Management and Budget (OMB) Circular A-123, Appendix B, verify the accuracy of charge card rebates and address any variances with charge card vendors.
- C. VA will employ the necessary internal controls to identify and collect the correct charge card rebates according to guidance found in OMB Circular A-123, Appendix B.
- D. VA will comply with 42 U.S.C. § 8256(c)(5)(A) when applicable, to ensure the accuracy of energy savings rebates, which addresses an agency's treatment of a utility efficiency rebate by providing that 50 percent of the rebate will, subject to appropriation, remain available for expenditure by such agency for additional energy efficiency resources.

0706 Authorities and References

[31 U.S.C. § 3302 \(b\), Custodians of Money](#)

[31 U.S.C. § 1552, Procedure for Appropriation Accounts Available for Definite Periods](#)

[31 U.S.C. § 1555, Closing of Appropriation Accounts Available for Indefinite Periods](#)

[42 U.S.C § 8256 \(c\), Incentives for Agencies](#)

[42 U.S.C § 8287, Authority to enter into contracts](#)

[Consolidated Appropriations Act, 2005, December 8, 2004,
DIVISION I - Departments of Veterans Affairs and Housing and Urban
Development and Independent Agencies Appropriations Act, 2005](#)

[Comptroller General Decision B-302366, July 12, 2004, Department of Energy—
Disposition of Interest Earned on State Tax Refund Obtained by Contractor](#)

[Comptroller General Decision B-257905, December 26, 1995, Appropriation
Accounting—Refunds and Uncollectibles](#)

[Comptroller General Decision B-250953, December 14, 1992, Secretary of the Senate
Processing and Accounting for “de minimis” credits](#)

[Comptroller General Decision B-217913.3, June 24, 1994, Accounting for Rebates from
Travel Management Center \(Contractors\)](#)

[Comptroller General Decision B-217913.2, February 19, 1993, Accounting for Rebates
from Travel Management Center \(Contractors\)](#)

[Comptroller General Decision B-217913, May 30, 1986, Rebates from Travel
Management Center \(Contractors\)](#)

[Comptroller General Decision B-209650, July 20, 1983, Liquidating Current Year
Liabilities with Refund Credits From Prior Years’ Activities](#)

[Comptroller General Decision B-40426, March 7, 1944](#)

[Government Accountability Office \(GAO\) Principles of Federal Appropriations Law—Vol.
II, Chapter 6 - Availability of Appropriations: Amount](#)

[GAO’s Policy and Procedures Manual for Guidance of Federal Agencies: Title 7, Fiscal
Guidance, Chapter 5, Collections](#)

[OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix B, Improving the Management of Government Charge Card Programs](#)

[OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix C, Requirements for Payment Integrity Improvement](#)

[Public Law 104-52, 109 Stat. 468, 502, Treasury, Postal Service and General Government Appropriations Act, 1996 dated November 19, 1995](#)

[Public Law 110-140, Energy Independence and Security Act of 2007](#)

[Public Law 116-117, Payment Integrity Information Act of 2019](#)

[VA Financial Policy Volume II, Chapter 7D, Guidelines to Avoid Augmenting an Appropriation](#)

[VA Financial Policy Volume VII, Chapter 9, Payment Integrity and Fraud Reduction](#)

0707 Rescissions

VA Financial Policy Volume II Chapter 7F Rebates and Refunds, November 2011

0708 Questions

Questions concerning this financial policy should be directed to the following points of contact:

VHA	VHA Financial Policy (Outlook)
VHA	VAFSC Nationwide Accounting (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
VBA	VAVBAWAS/CO/OPERATIONS (Outlook)
NCA	NCA Financial Policy Group (Outlook)
NCA	NCA Budget Service (Outlook)
All Others	OFP Accounting Policy (Outlook)